Amendments to the Specification:

Please amend the following paragraphs as follows.

The paragraph beginning at line 12 of page 4:

Brief Description of the Drawings

A more complete understanding of the present invention and advantages thereof may be acquired by referring to the following description taken in conjunction with the accompanying drawings, in which like reference numbers indicate like features, and wherein:

FIGS. 1A-C illustrate block diagrams of a promotion pricing system in accordance with embodiments of the present invention; and

FIGS. **2-5, 6A-6B, and 7-13** [[2-13]] represent steps **implemented by the** [[in the operation of]] various components of the promotion pricing system of FIGS. 1A-1C.

The paragraph beginning at line 2 of page 5:

In various implementations of the preferred embodiment, the promotion pricing system 100 includes combinations of the following components: A product segmentation module ("PSM") 200, an incentive translation module ("ITM") **400** [[300]], a customer segmentation module ("CUSM") **300** [[400]], a data aggregation module ("DAM") 500, a model selection module ("MSM") 600, a calibration module ("CM") 700, an evaluation module ("EM") 800, a constraints generation module ("CGM") 900, a cost structure module ("COSM") 1000, an optimization module ("OM") 1100, a market channel performance module ("MCPM") 1200, and an alert module ("AM") 1300. Each of these **modules** [[components]] 200-1300 may generally function as software applications that coexist on a single computer. Alternatively, the components may operate concurrently on independent computers, while interacting and exchanging data using known communication and networking techniques. The **modules** [[components]] 200-1300, as well as the general operation of the promotion pricing system 100, are now described in greater detail below. However, the general [[,]] overall operation of the promotion pricing system is **100** first provided.

The paragraph beginning at line 25 of page 5:

Product information is part of the base data required by the promotion pricing system 100. The product information consists of basic product information on pricing, costs, inventory and product hierarchies. Likewise, account information provides account or customer profile information. This data is used to micro-segment the market and target different customer profiles with customized promotions. Channel information encompasses data on both inbound Sales channels (via which customers purchase **goods** [[system 100s]] or services) and outbound Marketing channels (through which customers are presented with promotional campaigns). The promotion pricing system 100 uses this information to incorporate sales channel-specific buying behavior, price elasticity, and costs. Information on outbound channels is used to model marketing channel-specific cost distinctions and response variations. Overall, product, account, and channel information form the base data for the promotion pricing system 100.

The paragraph beginning at line 27 of page 7:

The promotion system **100** may also perform strategic objective analyses in assessing and achieving strategic corporate objectives. A user generally does not know if 1) an objective is obtainable, and 2) how strategically she should approach achieving this objective using promotional incentives. **The promotion** [[Promotion]] system 100 can solve this problem by identifying 1) if the revenue target is feasible, and 2) if the target is feasible, what promotional incentive level will maximize profitability given this constraint.

The paragraph beginning at line 6 of page 10:

In another embodiment, the ITM 400 may further consider non-monetary promotions, step 440. For instance, the ITM 400 may add to the list of incentives non-monetary incentives such as prominent display or advertisement of the products. The non-monetary incentives identified in step **440** [[400]] may typically be specified by the user, prespecified in the ITM 400, or may be dynamically determined from transaction data.

The paragraph beginning at line 13 of page 10:

After the PSM 200, CUSM 300, and ITM 400 define the market to be modeled, the DAM 500 evaluates historical transactions in view of the various defined products, customers, and

promotional techniques. Specifically, the DAM 500 may employ the data aggregation technique 510 depicted in FIG. 5. In step 520, the DAM 500 may separate data by customer segments. The separation may be automated or specified by the user. The DAM 500 may then determine a time interval at which to aggregate transaction volume data, step 530, on the basis of the number of time periods needed to estimate parameters, the incentive offer and price variation cycle, and data collection frequency. The DAM 500 then aggregates volume data at selected time intervals for target products, step 540. If the products are clearly segmented, the DAM 500 aggregates competing product volume at the same time interval, and calculates corresponding market share under each segment, step 550. The DAM 500 then computes average prices and incentive offers by each channel for each product over each time interval, step 560. The DAM 500 then uses statistical analyses techniques to determine patterns, such as seasonality, and other statistical factors, step **570** [[580]]. The output of the DAM 500 is typically a relational database in which each historical transaction has been characterized by product segment, customer segment, and incentive type.